

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY COPENHAGEN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY DUBLIN

AMEMBASSY LONDON

USMISSION GENEVA

AMEMBASSY LUXEMBOURG

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMEMBASSY PARIS

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FOLLOWING SENT ACTION ROME FROM SECSTATE SEP 20

QUOTE

UNCLAS STATE 187004

E.O. 11652:N/A

TAGS: EAGR

SUBJECT: STATEMENT OF SECRETARY BUTZ ON FAO GRAIN MEETING
FOR AGRICULTURAL ATTACHE AND ASSISTANT SECRETARY BELL
THE TEXT OF STATEMENT RELEASED BY SECRETARY BUTZ, SEPT 19
FOLLOWS:

BEGIN TEXT SECRETARY OF AGRICULTURE EARL L. BUTZ TODAY
ISSUED THE FOLLOWING STATEMENT ON TOMORROW'S ROME MEETING
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CONVENED BY DR. ADDEKE BOERMA, DIRECTOR GENERAL OF THE
FOOD AND AGRICULTURE ORGANIZATION (FAO) OF THE UNITED
NATIONS (UN):

THE DIRECTOR GENERAL OF THE UN'S FOOD AND AGRICULTURE ORGANIZATION, DR. ADDEKE BOERMA, HAS INVITED THE UNITED STATES AND OTHER WHEAT-EXPORTING NATIONS TO A MEETING ON A POSSIBLE SHORTFALL OF WORLD FOOD GRAIN SUPPLIES FOR 1973-74.

DR. BOERMA SUGGESTS IN HIS INVITATION THAT THE MEETING WILL CONSIDER WAYS TO INCREASE GRAIN EXPORT AVAILABILITIES, ECONOMIZE ON NON-HUMAN USES OF WHEAT, AND SHARE AVAILABLE SUPPLIES ACCORDING TO SOME INTERNATIONALLY ACCEPTABLE CRITERIA SO AS TO ENSURE DISTRIBUTION ON AN ORDERLY AND FAIR BASIS TO ALL COUNTRIES.

THE UNITED STATES GOVERNMENT WILL BE REPRESENTED BY SENIOR OFFICIALS OF THE U.S. DEPARTMENT OF AGRICULTURE (USDA), AGENCY FOR INTERNATIONAL DEVELOPMENT (AID), AND THE U.S. DEPARTMENT OF STATE AT THIS MEETING, AND WE WILL DO ALL WE CAN TO COOPERATE WITH OTHER NATIONS IN THE CURRENT SITUATION OF TIGHT GRAIN SUPPLIES.

FAIR AND OPEN ACCESS TO AVAILABLE SUPPLIES

THE UNITED STATES HAS MADE THE STRONGEST EFFORT OF ANY WHEAT EXPORTING NATION TO MAXIMIZE THE EXPORT AVAILABILITY OF WHEAT. WE ARE THE ONLY MAJOR WHEAT EXPORTER WHICH HAS KEPT ITS MARKETS OPEN AND ITS SUPPLIES AVAILABLE TO ALL BUYERS ON A COMPLETELY OPEN BASIS. THIS POLICY HAS BEEN MAINTAINED DESPITE A SUBSTANTIAL PRICE INCREASE FOR DOMESTIC CONSUMERS.

THE UNITED STATES HAS NO SUBSIDY PROGRAM THAT FOSTERS FEEDING WHEAT TO LIVESTOCK OR PROCESSING FOOD GRAINS INTO NON-FOOD PRODUCTS. WHEAT FEEDING IN THE U.S. HAS DROPPED SUBSTANTIALLY BECAUSE THE MARKET HAS BEEN BIDDING WHEAT INTO HUMAN FOOD CHANNELS.

SUPPLY-DEMAND BALANCE

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WHILE WE AGREE THAT GRAIN SUPPLIES ARE CURRENTLY TIGHT, OUR EXPERTS DO NOT SEE THE 9 MILLION TON SHORTFALL SUGGESTED BY DR. BOERMA BASED ON THE ESTIMATES OF THE INTERNATIONAL WHEAT COUNCIL (IWC). THE IWC ESTIMATES ACTUALLY PRESENTED A RANGE OF POSSIBLE PRODUCTION AND CONSUMPTION LEVELS. DR. BOERMA HAS TAKEN THE WORST POSSIBLE PRODUCTION LEVEL AND THE HIGHEST POSSIBLE CONSUMPTION FIGURE TO ARRIVE AT HIS PROJECTED DEFICIT. IN ADDITION, THE IWC ESTIMATES USE SOME BASIC ASSUMPTIONS THAT LIMIT THEIR USE AS PREDICTORS. FOR EXAMPLE, THEY ASSUME NO DRAW DOWN IN WHEAT STOCKS THIS YEAR. IN FACT, HOWEVER, BOTH THE UNITED STATES AND CANADA ARE LIKELY TO DRAW DOWN THEIR STOCKS FURTHER IN RESPONSE TO THE NEED AND STRONG PRICES.

THE IWC ESTIMATES OF IMPORT REQUIREMENTS ARE BASED ON WHAT THE COUNTRIES THEMSELVES SAID THEY PLANNED TO IMPORT EARLIER THIS YEAR. IN INDIA'S CASE, FOR INSTANCE, THE IMPORT FIGURE EVIDENTLY INCLUDED SOME GRAIN FOR BUILDING STOCKS. THIS IS OBVIOUSLY NOT THE YEAR FOR ANYONE TO BUILD STOCKS, AND INDIA HAS PROBABLY PUT OFF STOCKPILING. BUT THE IWC DATA STILL REFLECTS THE ORIGINAL FIGURE.

USDA EXPERTS CURRENTLY ESTIMATE THE GRAIN AVAILABLE FOR EXPORT AROUND THE WORLD THIS YEAR WILL BE JUST ABOUT EQUAL TO IMPORT DEMAND AT PREVAILING PRICE LEVELS. IF THE WORLD PRODUCTION SITUATION CONTINUES TO IMPROVE IN CANADA, INDIA, RUSSIA AND SOME OTHER IMPORTANT AREAS -- AND IF SOME INSTITUTIONAL BARRIERS CAN BE OVERCOME -- THERE COULD BE ADDITIONAL GRAIN AVAILABLE BEYOND MINIMUM REQUIREMENTS.

U.S. CROP OUTLOOK IMPROVED

THE U.S. CROP OUTLOOK HAS ALSO IMPROVED SINCE DR. BOERMA ISSUED HIS INVITATION. AS OF SEPTEMBER 1, THE CROP FORECASTS INDICATED OUR WHEAT CROP WILL BE 1 PERCENT LARGER THAN INDICATED ON AUGUST 1, AND 183 MILLION BUSHELS ABOVE 1972; OUR FEED GRAIN PRODUCTION IS FORECAST AT A RECORD 210 MILLION SHORT TONS, 2 PERCENT ABOVE LAST MONTH'S PROJECTION AND 5 PERCENT ABOVE LAST YEAR; SOYBEAN PRODUCTION IMPROVED 4 PERCENT FROM LAST MONTH AND IS EXPECTED TO BE 316 MILLION BUSHELS LARGER THAN LAST YEAR.

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INCREASED CROP PRODUCTION AHEAD

THE U.S. HAS EXPANDED ITS WHEAT, CORN AND SOYBEAN PRODUCTION TO ALL-TIME RECORD LEVELS IN 1973. MORE THAN 40 MILLION ADDITIONAL ACRES OF U.S. CROPLAND WERE MADE AVAILABLE FOR PRODUCTION IN 1973; AND 20 MILLION ACRES ADDITIONAL WILL BE FREED FOR PRODUCTION IN 1974. FOR 1974, WE WILL DIVERT NO CROPLAND AT ALL, LEAVING OUR FARMERS COMPLETELY FREE TO RESPOND TO THE DEMANDS OF DOMESTIC AND EXPORT BUYERS FOR INCREASED FARM PRODUCTION. THIS, ALONG WITH THE STRONG MARKET PRICES FOR FARM PRODUCTS, SHOULD STIMULATE EFFICIENT U.S. FARMERS TO EVEN GREATER PRODUCTION IN 1974. THIS ASSURANCE OF INCREASED PRODUCTION SHOULD HELP TO ELIMINATE ANY UNNECESSARY STOCKPILING BY IMPORTING NATIONS IN THE CURRENT YEAR.

NEEDS OF THE DEVELOPING NATIONS

THE CURRENT TIGHT SUPPLY OF GRAIN, AND THE ACCOMPANYING HIGH PRICES, PUT THEIR MOST PAINFUL BURDEN ON THE DEVELOPING NATIONS.

THE UNITED STATES IS FULLY AWARE OF THE PROBLEM THEY
FACE. AFTER ALL, THE UNITED STATES HAS PROVIDED MORE THAN
DOLS 20 BILLION IN FOOD AID UNDER ITS FOOD FOR
PEACE PROGRAM SINCE 1954 -- ABOUT HALF OF IT WHEAT. THE
UNITED STATES HAS ALSO CONTRIBUTED NEARLY HALF THE TOTAL
PLEDGES UNDER THE WORLD FOOD PROGRAM SINCE 1962.
THE U.S. HAS ALSO BEEN CARRYING MOST OF THE WORLD'S GRAIN
SURPLUSES -- AT A CONSIDERABLE EXPENSE -- SINCE WORLD WAR
II. WE SHIPPED THE BULK OF THE 10 MILLION TONS OF GRAIN
NEEDED BY INDIA DURING EACH OF ITS DROUGHT YEARS IN THE
MID-1960'S. CURRENTLY PUBLIC LAW 480 IS MEETING A LARGE SHARE
OF THE EMERGENCY REQUIREMENTS OF BANGLADESH AND WEST AFRICA.
IT IS NOW PLEDGING ASSISTANCE TO RESPOND TO THE
RECENT MASSIVE FLOODS IN PAKISTAN, AS IT DID LAST YEAR WHEN
FLOODS DEVASTATED THE PHILLIPPINES.

DESPITE THE TIGHT SUPPLY SITUATION THE UNITED STATES WILL
CONTRIBUTE NEARLY DOLS 900 MILLION TO MEET REQUIREMENTS OF
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DEVELOPING NATIONS THIS FISCAL YEAR.

THROUGH ITS SUPPORT OF INTERNATIONAL FINANCIAL AGENCIES SUCH
AS THE WORLD BANK AS WELL AS THROUGH ITS OWN AID PROGRAMS,
THE U.S. HAS PLAYED A LEADING ROLE IN PROVIDING DEVELOPING
COUNTRIES WITH THE RESOURCES NECESSARY TO ENABLE
THEM TO COMPETE IN THE COMMERCIAL MARKET FOR FOOD.

HOWEVER, THE UNITED STATES HAS ALSO BEEN CARRYING VIRTUALLY
THE WHOLE RESPONSIBILITY FOR MEETING THE WORLD'S GROWING DEMAND
FOR GRAIN IN THE PAST FOUR YEARS. WORLD TRADE IN WHEAT
AND FEED GRAINS HAS INCREASED ROUGHLY
ONE-FOURTH IN THIS PERIOD, AND U.S. EXPORTS IN 1973-74 ARE
EXPECTED TO BE ALMOST 70 PERCENT GREATER THAN IN 1970-71.

IN THE YEAR JUST ENDED, WORLD GRAIN TRADE INCREASED
25 MILLION TONS -- AND U.S. EXPORTS INCREASED 30 MILLION
TONS; THUS, THE U.S. PROVIDED ALL OF THE INCREASE PLUS
MAKING UP FOR SOME OF THE SHORTFALLS.

THE INCREASED DEMAND HAS BEEN PARTIALLY DUE TO POOR
CROPS IN SOME PARTS OF THE WORLD,

<< END OF DOCUMENT >>

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ATTACHE AND ASSISTANT SECRETARY

LUXEMBOURG
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